

## **King County Employees Deferred Compensation Plan**

### **Board Meeting Minutes**

August 9, 2017

**Board Members:** Tom Beavers, Krista Camenzind, Thomas Friedman, Pat Hamacher, Doug Hodson, Nigel Lewis, Lisa Parriott and Pat Sainsbury

**Staff:** O.C. Collier-Brown

**Guests:** Kevin Chang, Jayson Davidson of Hyas and Guen Toste of T. Rowe Price

#### **Participant / Employee Comments**

Lisa Parriott reported that a participant thinks the plan could do better on their expense ratio by choosing a lower cost bond fund. Lisa explained to the participant that he could possibly purchase the desired bond fund through the self-directed brokerage account.

Lisa also informed the board that there are groups in transportation at north facilities that would like to get someone to come out and facilitate a deferred compensation education session. The Plan Administrator, O.C. Collier-Brown, is willing to facilitate sessions as long as someone lets her know ahead of time where to go. O.C. also suggested that employees utilize the webinars that are offered. Lisa will give O.C.'s contact information to the base chiefs to get the sessions set up.

Carmen Johnson, the King County Retirement Navigator, introduced herself to the board. Carmen's role is to help people exit the County regardless if they are retiring or terminating. Carmen has extensive knowledge of Social Security, Medicare, PERS and Deferred Compensation. While facilitating retirement exit classes, 95% of retirees expressed how they wish they would have contributed to deferred compensation or they wish they would have contributed earlier in their career. One of Carmen's goals is to make Deferred Compensation more visible during NEO (new employee orientation) because she feels it's necessary to educate new employees on their retirement options coming in the door.

O.C. and Carmen will be working with King County Metro in developing a video that will discuss retirement and deferred compensation that will be played to drivers upon hire or during their transition from part-time to full-time.

#### **Adopt May Meeting Minutes**

The May meeting minutes were adopted as written.

#### **Quarterly Report from T. Rowe Price**

Second quarter 2017 information was circulated prior to the meeting. During the meeting, Guen Toste distributed an Executive Summary handout.

The following Plan highlights were noted as of June 30, 2017:

- Plan assets were \$872,352,155 representing a 14.8% increase since July 1, 2016;
- There were 8,367 participants in the Plan, versus 8,309 on July 1, 2016;
- The average Participant account balance was \$104,253; and

- Notably, there were 204 participants with a balance between \$500,000 and \$750,000, 47 participants with a balance between \$750,000 and \$1 million, 10 participants with a balance between \$1 and \$1.5 million and 1 participant with a balance between \$1.5 and \$2 million.

Guen provided the board with an update related to the self-directed brokerage account (SDBA) migration to Charles Schwab. The Board was also informed that T. Rowe Price has agreed to waive the standard \$50 per participant annual fee for those that make use of the SDBA feature. The planned migration is scheduled for mid-October and additional details related to the process will be communicated in the coming months. In the event that a participants SBDA are holding securities that cannot be accommodated on the Schwab platform, the Board may be asked to take up decisions on forced participants account liquidations within the current brokerage window. This will be addressed at a future meeting as necessary.

Guen also informed the board that a communication to be used for terminated participants regarding the benefits of keeping their assets in the County Plan has been developed and is in the process of being finalized for distribution. The Plan Administrator and King County's Retirement Navigator will also make use of the document when meeting with affected participants.

#### **Quarterly Report of the Investment Advisor**

Jayson presented the Second Quarter 2017 Performance Report and he noted that it was again a strong quarter for most of the Plan's available investment options. The T. Rowe Price Equity Income Fund was again in violation of performance related investment policy criteria as of quarter-end. The Fund did again have a decent quarter, and the trailing 12-month performance continues to be strong on a relative basis. The Fund is already on watch and that status will remain.

Jayson distributed a Hyas Group prepared communication on recently announced changes to the fixed income allocation within the T. Rowe Price Target Date Funds. T. Rowe will be expanding the sub-asset classes within their "diversifiers" segment of the fixed income component. Hyas has no issues with this change and no actions were recommended. The communication was filed as information only.

The Board revisited the topic of sending a targeted communication to a subset of the participant base that has a plan investment portfolio that has underperformed the target date fund most appropriate for their age. The Board voted to craft a letter that would be distributed to those participants alerting them to the fact and providing information on how to transfer funds to the age appropriate target date option. Jayson will work to re-run the number from Hyas' original analysis using a June 30, 2017 date and then, in concert with T. Rowe Price, will develop an initial draft of the communication. The letter will likely be addressed from the Deferred Compensation Board and not from T. Rowe Price, though T. Rowe may process the actual mailing. A subcommittee was formed to review and edit the letter if needed. The subcommittee is as follows: Krista Camenzind, Tom Freidman, Doug Hodson and Nigel Lewis.

The Board again discussed the prospect of adding a loan feature to the King County Plan. The Board will officially take up a proposal to add a loan feature at the October meeting. At that meeting, the Board may consider whether the loan program, if added, should allow for general purpose loans or just loans for a primary residence.

**Report of the Plan Administrator**

None

**Report of the Chair**

None

**Other Business**

None